

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 INRE-00 SSO-00 NSCE-00 USIE-00

PA-01 PRS-01 L-03 H-02 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 AGR-05 IGA-01 /087 W  
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O 241650Z JUN 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 3699

LIMITED OFFICIAL USE SANTIAGO 4463

E.O. 11652: N/A

TAGS: EFIN, CI

SUBJECT: US-GOC DEBT RESCHEDULING

REF: SANTIAGO 3783 AND PREVIOUS

1. SUMMARY. GOC WOULD LIKE TO LOWER WEIGHTED AVERAGE INTEREST RATE SUGGESTED BY USG FOR RESCHEDULING 1975 DEBT PAYMENTS. GOC DOES NOT WISH TO DELAY SIGNING MEMO OF UNDERSTANDING PAST JULY 3, HOWEVER, AND IF NECESSARY WILL ACCEPT SUGGESTED RATES TO AVOID DELAY. END SUMMARY.

2. GOC DEBT COORDINATOR RODOLFO HOFFMAN INFORMED EMBASSY HE HAS RECEIVED VIA CHILEAN EMBASSY WASHINGTON, DEPARTMENT'S PROPOSED INTEREST RATES FOR RESCHEDULING GOC'S 1975 DEBT PAYMENTS TO USG AGENCIES. ACCORDING TO HOFFMAN'S INFORMATION, EXIMBANK, OPIC AND CCC PAYMENTS WOULD BE RESCHEDULED AT SEVEN PERCENT AND AID AND PL 480 PAYMENTS AT THREE PERCENT FOR WEIGHTED AVERAGE 6.17 PERCENT. (HOFFMAN SAID HIS OWN CALCULATION AT THOSE RATES YIELDS WEIGHTED AVERAGE OF 6.16 PERCENT.)

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3. HOFFMAN UNDERSTANDS THERE IS NO FLEXIBILITY TO

LOWER RATES SUGGESTED FOR EXIMBANK, CCC, AIDAND PL 480 PAYMENTS. HOFFMAN ASKED EMBASSY TO MAKE INFORMAL ASSESSMENT WHETHER DOWNWARD FLEXIBILITY MIGHT BE POSSIBLE WITH OPIC RATE. HE SAID THAT LOWERING OPIC RATE TO 5.75 PERCENT AND THUS LOWERING WEIGHTED AVERAGE TO 6.04 PERCENT, WHILE NOT OF GREAT MOMENT IN TERMS OF US/GOC SETTLEMENT, WOULD TEND TO KEEP WEIGHTED AVERAGE INTEREST RATES IN SUBSEQUENT SETTLEMENTS PROPORTIONATELY LOWER. IN THE AGGREGATE SUCH AN OUTCOME WOULD BE OF SIGNIFICANT HELP TO CHILE IN DEALING WITH DIFFICULT PAYMENT PROBLEMS IN 1975 AND THE YEAR AHEAD.

4. HOFFMAN WAS EMPHATIC, HOWEVER, THAT GOC DID NOT WANT TO ENMESH DEPARTMENT IN INTER-AGENCY PROBLEMS WHICH COULD DELAY FINAL SIGNING OF MEMORANDUM OF UNDERSTANDING. HE SAID THAT IF DEPARTMENT'S BEST JUDGMENT IS THAT OPIC RATE CANNOT BE RENEGOTIATED TO ALLOW SIGNATURE OF REVISED MEMORANDUM BY JULY 3, GOC PREFERS TO ACCEPT RATES AS SUGGESTED BY DEPARTMENT.

5. HOFFMAN INDICATED THAT GOC'S SUGGESTED 5.75 PERCENT FOR OPIC PAYMENTS WAS ILLUSTRATIVE, THAT ANY LOWERING WOULD BE APPRECIATED.

6. AS FURTHER OR ALTERNATIVE EFFORT, HOFFMAN ASKED THAT DEPARTMENT CONSIDER INCLUDING IN RESCHEDULING ESCUDO PAYMENTS ("MAINTENANCE OF VALUE") DUE AID WHICH APPARENTLY WERE NOT CONTEMPLATED IN CURRENT DRAFT MEMO OF UNDERSTANDING. IF OPIC RATE COULD BE LOWERED TO 5.75 PERCENT AND ESCUDO PAYMENTS RESCHEDULED, HOFFMAN CALCULATED OVERALL WEIGHTED AVERAGE WOULD BE 5.95 PERCENT.

7. HOFFMAN SAYS HE EXPECTS TO RECEIVE DRAFT MEMO OF UNDERSTANDING WEDNESDAY, JUNE 25. HE SAID GOC WILL AWAIT DEPARTMENT'S REPLY TO THIS QUERY. WE PRESUME HE MEANT NOT BEYOND MIDDLE OF NEXT WEEK.  
POPPER

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## Message Attributes

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**Draft Date:** 24 JUN 1975  
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